

DEPARTMENT OF FOOD AND AGRICULTURE

A. G. KAWAMURA, Secretary

Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814
Phone: (916) 341-5988
Fax: (916) 341-6697
dairy@cdfa.ca.gov



March 22, 2005

TO ALL INTERESTED PARTIES:

On February 1 and 2, 2005, the Department held a public hearing to consider amendments to the Stabilization and Marketing Plans for Market Milk (Plans). The amendments under consideration regarded changes to the Class 4a and 4b pricing formulas that would also have a pass-through effect on the Class 2 and 3 pricing formulas.

Having carefully weighed the contents of the hearing record, the Department has decided to:

- Change the manufacturing cost allowance for Grade AA butter and whey butter from \$0.1320 per pound to \$0.1560 per pound.
- Change the manufacturing cost allowance for nonfat dry milk from \$0.1500 per pound to \$0.1520 per pound.
- Change the manufacturing cost allowance for Cheddar cheese from \$0.1750 per pound to \$0.1710 per pound.
- Change the dry skim whey manufacturing cost allowance in the Class 4b pricing formula from \$0.17 per pound to \$0.20 per pound.
- Remove in the Class 4a and 4b pricing formulas the federal support purchase prices for butter, nonfat dry milk and block Cheddar cheese as floors to their respective commercial commodity prices.
- Change the f.o.b. California price adjuster for Grade AA butter from -\$0.0332 per pound to -\$0.0285 per pound.
- Change the f.o.b. California price adjuster for Cheddar cheese from -\$0.0321 per pound to -\$0.0290 per pound.
- Leave unchanged the current Cheddar cheese yield and test values (10.2 @ 3.72% fat, 8.80% SNF) in the Class 4b formula.

The adjustments to the Plans will take effect for milk delivered to processing plants on or after April 1, 2005.

To All Interested Parties
March 22, 2005
Page Two

Copies of the Hearing Determinations and a more detailed explanation of the Department's decision may be obtained by contacting the Dairy Marketing Branch at (916) 341-5988. You may also download copies from the Dairy Marketing Branch website at www.cdfa.ca.gov/dairy. From this page, click on [*Announcements, Hearings and Statutes*] and then on the [*Dairy Hearings Matrix*] link.

Should you have any questions or desire further information please contact David Ikari at (916) 341-5988.

Media contacts and publication staff are asked to contact the Department's Public Affairs Office by e-mail at officeofpublicaffairs@cdfa.ca.gov or by phone at (916) 654-0462.

Sincerely,

A handwritten signature in black ink that reads "David Ikari". The signature is written in a cursive, flowing style.

David K. Ikari, Chief
Dairy Marketing Branch